

DOCKET FILE COPY ORIGINAL

RECEIVED

Before the
Federal Communications Commission
Washington, D.C. 20554

MAY 10 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter:

GTE CORP.

Transferor

and

BELL ATLANTIC CORP.

Transferee,

For Consent to Transfer of Control

CC Docket No. 98-141/98-184

Public Notice of March 26, 2001
DA 01-764

REPLY COMMENTS FROM WORLDNET

Mr. David Bogaty
President
WorldNet Telecommunications, Inc.
F.D. Roosevelt Avenue
Plaza Caparra Suite 204
San Juan, Puerto Rico 00922
Tel.: (787) 277-0210
Fax: (787) 277-0788

Attorneys for
WorldNet Telecommunications, Inc.:

Edwin Quiñones, Esq.
Francisco Rullán, Esq.
Axtmayer Benítez & Quiñones, P.S.C.
P.O. Box 70174
San Juan, Puerto Rico 00936-8174
Tel. (787) 620-6020
Fax (787) 620-6050

No. of Copies rec'd
List ABCDE

027

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter:

GTE CORP.

Transferor

and

BELL ATLANTIC CORP.

Transferee,

For Consent to Transfer of Control

CC Docket No. 98-141, 98-184

**Public Notice of March 26, 2001
DA 01-764**

REPLY COMMENTS FROM WORLDNET

TABLE OF CONTENTS

I.	INTRODUCTION	1
	A. Verizon's Comments	2
	B. PRTC's Comments	2
	C. WorldNet's Position	3
II.	WORLDNET'S REQUEST IS NOT ONLY PROPER BUT NECESSARY	3
III.	THE ORIGINAL GTE/BELL ATLANTIC TRANSFER APPLICATION DID NOT INCLUDE THE PUERTO RICO LICENSES AND AUTHORIZATION	5
IV.	THE PUERTO RICO LICENSES AND AUTHORIZATION WERE NEVER INDEPENDENTLY CONSIDERED OR EVALUATED BY THE COMMISSION	6
V.	THE COMMISSION SPECIFICALLY RELIED ON THE MERGER CONDITIONS TO APPROVE ALL THE TRANSFERS OF RADIO LICENSES AND 214 AUTHORIZATIONS	8

VI.	TREATING PUERTO RICO DIFFERENTLY WITHOUT SPECIFIC FINDINGS TO SUPPORT SUCH TREATMENT WOULD BE DISCRIMINATORY AND ILLEGAL	9
VII.	VERIZON’S POSITION SUFFERS FROM INTERNAL INCONSISTENCIES ..	10
VIII.	THE APPLICATION OF THE MERGER CONDITIONS TO PUERTO RICO CLEARLY SERVES THE PUBLIC INTEREST GIVEN PRTC’S UNFLATTERING HISTORY	11
IX.	CONCLUSION	13

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter:

GTE CORP.

Transferor

and

BELL ATLANTIC CORP.

Transferee,

For Consent to Transfer of Control

CC Docket No. 98-141, 98-184

**Public Notice of March 26, 2001
DA 01-764**

REPLY COMMENTS FROM WORLDNET

I. INTRODUCTION

On March 26, 2001, this Commission released a public notice establishing a pleading cycle for comments and responses in reference to the *Ex Parte* Letter filed by WorldNet Telecommunications, Inc. ("WorldNet") within CC Docket No. 98-141, 98-184 ("Docket"). On April 25, 2001, both Verizon and the Puerto Rico Telephone Company ("PRTC") filed comments pursuant to the Commission's Public Notice. WorldNet hereby replies in opposition to the comments submitted by both Verizon and PRTC.

A. Verizon's Comments

Verizon argues that WorldNet's *Ex Parte* Letter request comes too late. It further argues that the layering of additional obligations upon the existing Merger Conditions¹ would plainly be barred by the doctrine of res judicata. Unfortunately, this view incorrectly construes WorldNet's request as a form of late reconsideration and misses the fact that the Commission's Merger Order was issued within the context of the GTE/Bell Atlantic Transfer Application², a proceeding in which WorldNet was not a party.

Verizon further argues that the integration of Bell Atlantic and GTE cannot be undone, and that the Commission has no authority to add new merger conditions, or to expand the Merger Conditions, which were voluntary to begin with. But the issue at hand has nothing to do with undoing the merger, or imposing new merger conditions. It has to do with the proper interpretation of the Commission's Merger Order supported by the record.

B. PRTC's Comments

PRTC is similarly mistaken in arguing that the Commission's Merger Order is a final decision no longer subject to reconsideration or review and that applying the conditions would be beyond the power of the Commission. Yet, PRTC allows for the possibility that the Commission

¹

See Memorandum Opinion and Order, *In re Application of GTE Corp., Transferor and Bell Atlantic Corp., Transferee, for Consent to Transfer Control of Domestic and International Section 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License*, 15 FCC Rcd 14032, 14258 App. D (2000) ("Merger Order")

²

See Application of GTE Corporation and Bell Atlantic Corporation for Transfer of Control (filed Oct. 2, 1998)("GTE/Bell Atlantic Transfer Application")

may have jurisdiction and goes on to argue that, in that case, applying the Merger Conditions would be prejudicial and unnecessary, and that such conditions are not adapted to PRTC's circumstances. PRTC is apparently aware of the one glaring omission from the Docket record, that there were no applications, filings, amendments, or letters whatsoever filed to support the position that PRTC's circumstances are such that giving equal treatment to Puerto Rico would be prejudicial and unnecessary.

C. WorldNet's Position

WorldNet's position is simple. It contends that the Commission did independently evaluate the transfer of the Puerto Rico Radio Licenses and Section 214 Authorization as part of the GTE/Bell Atlantic merger proceedings ("Puerto Rico Transfers"). These transfers were evaluated along with all other transfers within the same context of public interest, convenience, and necessity and there is no basis on the record of these proceedings to interpret that the Commission intended to allow for the differential treatment of Puerto Rico. The contrary conclusion would signify that the Commission either failed to render a final decision specifically addressing the Puerto Rico Transfers, or else acted ultra vires in allowing differential treatment when no justifications were provided in the applications or elsewhere, and no specific findings were made to justify such treatment.

II. **WORLDNET'S REQUEST IS NOT ONLY PROPER BUT NECESSARY**

Verizon's and PRTC's main arguments center around the doctrine of res judicata and are plainly inapplicable to the GTE/Bell Atlantic Transfer Application. As will be shown below, the Puerto Rico Licenses and Authorization transferred to Verizon were never independently considered

by the Commission. Furthermore, Verizon's position that somehow the Puerto Rico Transfers were implicitly considered and evaluated along with all other transfers before the Commission, but yet Puerto Rico was left out of the Merger Conditions because it was not explicitly included is untenable.

WorldNet contends that to allow differential treatment to be given to Puerto Rico, the Commission needed to make a specific finding, as supported by the record, of public interest, convenience, and necessity pursuant to Sections 214(a) and 310(d) of Telecommunications Act of 1934, as amended, regarding the Puerto Rico Transfers under the assumption that the Merger Conditions would be inapplicable to Puerto Rico. Given the total absence of any such specific findings in the Commission's Order approving the transfers associated with the GTE/Bell Atlantic merger, and the Commission's specific reliance on the Merger Conditions to approve said transfers, the only logical conclusion is that the Puerto Rico Transfers were evaluated under §214(a) and §310(d), and approved pursuant to the same findings and the same Merger Conditions that applied to all other transfers absent any explicit pronouncement from the Commission to the contrary. Therefore, and given PRTC's and Verizon's refusal to abide by these conditions, the Commission needs to explicitly include Puerto Rico under the Merger Conditions in order to leave no doubt as to their applicability.

Given the length of the proceedings, and to dispel some of the confusion surrounding the Puerto Rico Transfers, it is helpful to briefly review the procedural history surrounding the GTE/Bell Atlantic Application.

III. THE ORIGINAL GTE/BELL ATLANTIC TRANSFER APPLICATION DID NOT INCLUDE THE PUERTO RICO LICENSES AND AUTHORIZATION

In the original GTE/Bell Atlantic filing titled “Application for Transfer of Control”, and dated October 2, 1998, GTE and Bell Atlantic included several applications requesting the Commission’s consent “to the transfer of control to Bell Atlantic of licenses and authorizations controlled or requested by GTE or its subsidiaries.”³ This application came almost two and a half months after the July 24, 1998 filing of the initial application of PRTC/GTE Holdings (Puerto Rico) LLC (“GTE Holdings”) for the transfer of control of the Radio Licenses in Puerto Rico and before the subsequent application for the transfer of control of the Puerto Rico International Section 214 Authorization⁴. Nevertheless, and inexplicably, no mention of the Puerto Rico licenses and authorization was made in the October 2, 1998 filing.

The FCC requested comments on the proposed transfer of control via a Public Notice released on October 8, 1998. Said public notice provided a list of Section 310 and Section 214 applications but made no mention of the radio licenses and 214 authorization included with PRTC/GTE Transfer Application.

On November 19, 1998, GTE and Bell Atlantic provided copies of the cover pages of all the notifications made to state and federal authorities, pursuant to 47 U.S.C.A. §214(c). Per this filing, no Puerto Rican authority was notified of the Application.

³GTE/Bell Atlantic Transfer Application at ¶4.

⁴

See Applications of GTE Holdings (Puerto Rico) LLC for Transfers of Control of the Radio Licenses Held by the Puerto Rico Telephone Company, filed July 24, 1998, and Application of GTE Holdings (Puerto Rico) LLC and Puerto Rico Telephone Authority for Transfer of Control of International Section 214 Authorization, filed September 2, 1998 (“PRTC/GTE Transfer Application”)

During 1999, while the transfer of licenses to GTE Holdings continued its course, no attempt was made amend the original GTE/Bell Atlantic application to include these transfers. A January 27, 2000, Supplemental Filing by GTE/Bell Atlantic also omitted to mention the Puerto Rico Transfers.

IV. THE PUERTO RICO LICENSES AND AUTHORIZATION WERE NEVER INDEPENDENTLY CONSIDERED OR EVALUATED BY THE COMMISSION

On February 12, 2000, the Commission granted PRTC/GTE Holdings' Application for Transfer of PRTC's Section 310 Licenses and the Celulares Telefónica Inc. Section 214 Authorization.

Subsequently, on March 8, 2000, GTE and Bell Atlantic requested, through a letter to the FCC's Secretary, an "amendment" to the original Application in order to include additional Section 214 Authorizations. The list of Authorizations was not included with the letter. The next day, and through a separate errata filing, the missing list of authorizations was finally provided. The list included for the first time the Puerto Rico 214 Authorization transferred to GTE Holdings. Beyond this letter, the record reflects no formal filing made to request this amendment and no attempt to amend the original application in order include the additional twenty one radio licenses that were transferred to GTE Holdings from PRTC. Furthermore, WorldNet found no filing evidencing the notifications required pursuant to 47 U.S.C.A. §214(c) for the Puerto Rico 214 Authorization.

On March 17, 2000, the Commission released for the first time a Public Notice requesting comments specifically referencing the Puerto Rico licenses. Interestingly, this Public Notice, unlike the others, is not electronically available as part of the Docket record. Furthermore, said Public Notice makes reference to March 1, and 2, 2000 applications and amendments that are also

unavailable as part of the Docket record.

It is not surprising, given these unusual and irregular circumstances surrounding this “amendment”, that not a single comment was received pursuant to this Public Notice as evidenced by the Commission’s final Order approving the transfers. This void is in stark contrast with the many comments received as part of the GTE Holdings’ Application for Transfer. If the GTE/PRTC proceeding generated such a healthy dose of comments, it could only be reasoned that the acquisition of the licenses by a telecommunications behemoth such as Verizon, with all the potential for anti-competitive behavior that entails, would have elicited a barrage of comments from competitors and other interested parties. The lack of such comments is certainly puzzling. Similarly, it must be noted that no proceedings were ever held by the Puerto Rico Telecommunications Regulatory Board, in response to the amended application, to address the specific issue of the Puerto Rico Transfers.

Given the foregoing events, the original non inclusion of Puerto Rico licenses in the GTE/Bell Atlantic Transfer Application, the irregular circumstances surrounding the seemingly incomplete amendments to the application, the lack of comments on the particular issue of the Puerto Rico Transfers, and the lack of state proceedings addressing said transfers, it must be questioned whether the Puerto Rico Transfers were ever independently considered by the Commission in its analysis of the implications of the merger. In fact, the opposite conclusion must be reached given the Commission’s reliance on the Merger Conditions to approve the GTE/Bell Atlantic Transfer Application.

V. THE COMMISSION SPECIFICALLY RELIED ON THE MERGER CONDITIONS TO APPROVE ALL THE TRANSFERS OF RADIO LICENSES AND 214 AUTHORIZATIONS

The Commission's own Memorandum Opinion and Order on June 16, 2000 approving the GTE/Bell Atlantic Application suggests that the Puerto Rico Transfers could only have been considered as part of the overall merger transaction and not independently. In particular, it is abundantly clear that the many transfers were generally considered as a whole, and that the approval would not have been given except for the included Merger Conditions. The Commission's own expressions are unequivocal on the matter:

"We conclude that, without considering the conditions proposed by the Applicants, Bell Atlantic and GTE have not carried their burden of demonstrating that the proposed merger will create verifiable merger-specific public interest benefits that offset the merger's likely public interest harms. More specifically, we conclude that to the extent that Applicants have provided sufficient evidence to support the asserted public interest benefits, the resultant benefits are modest. Accordingly, we conclude that, in combination, the asserted potential public interest benefits are insufficient to offset the merger's potential public interest harms. As described further below, however, the addition of the stringent and enforceable merger conditions proposed by the Applicants alters the public interest balance and causes us to conclude that the proposed merger is in the public interest and may be approved." Merger Order at ¶213. (Emphasis supplied)

The same conclusion was restated at ¶245:

"We conclude that the merger brings few tangible merger-specific public interest benefits to the product markets discussed above. Considered in combination, the Applicants'claimed public interest benefits and efficiencies are insufficient to outweigh the significant public interest harms set forth above. Accordingly, we conclude that, absent the conditions proposed by the Applicants, this merger would cause significant potential interest harms that would not be outweighed by the combined weight of the modest benefits that the transaction may achieve." (Emphasis supplied)

If anything, the application of the Merger Conditions to GTE regions was a particularly crucial consideration in these proceedings given GTE's non-BOC status. The Commission,

recognizing the inapplicability of Section 271 of the Telecommunications Act of 1996 to GTE, stressed the importance of these conditions:

“Compounding the loss of a key benchmark... is the fact that as a non-BOC, GTE is not subject to section 271. Thus, GTE does not have the same incentive as a BOC of gaining authorization to offer in-region, interLATA voice and data services in exchange for its demonstration that the local telecommunications market in the particular state is open to competition... In this regard, we have looked to the Applicants to offer commitments that would compel or reflect greater results on the part of GTE in opening its markets to competition. Without the bolstering of these commitments particularly with respect to GTE, we would be hard-pressed to find that the Applicants meet their already-escalated burden of establishing that the benefits of the merger will outweigh the harms.” Merger Order at ¶259.(Citations omitted)(Emphasis supplied)

Thus, the only reasonable interpretation is that the Commission made an evaluation covering all the transfers and intended the merger conditions to apply to all the regions affected by the merger and particularly to the GTE regions like Puerto Rico. Exceptions to the norm were explicitly addressed as was the case with the Commonwealth of the Northern Mariana Islands⁵. Any other interpretation suggesting that a final order was issued permitting Verizon to treat Puerto Rico differently would be in direct conflict with applicable federal law.

VI. TREATING PUERTO RICO DIFFERENTLY WITHOUT SPECIFIC FINDINGS TO SUPPORT SUCH TREATMENT WOULD BE DISCRIMINATORY AND ILLEGAL

First of all, it must be stressed that the Commission was created to guard the interests, not of some, but of all United States citizens in obtaining adequate communication services. Specifically, the Commission was created:

“For the purpose of regulating interstate and foreign commerce in communication by wire and radio so as to make available, so far as possible, to all the people of the

⁵See Merger Order (App. D) Note 3.

United States, without discrimination on the basis of race, color, religion, national origin, or sex, a rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges..." 47 U.S.C.A. §151. (Emphasis supplied)

Section 202(a) of the Telecommunications Act of 1934, as amended, further expands on the mandate given to the Commission by specifically limiting discriminatory practices by common carriers:

"It shall be unlawful for any common carrier to make any unjust or unreasonable discrimination in charges, practices, classifications, regulations, facilities, or services for or in connection with like communication service, directly or indirectly, by any means or device, or to make or give any undue or unreasonable preference or advantage to any particular person, class of persons, or locality, or to subject any particular person, class of persons, or locality to any undue or unreasonable prejudice or disadvantage." 47 U.S.C.A. §202(a). (Emphasis supplied)

Given the absence of any justification, in any of the filings submitted by GTE/Bell Atlantic in support of the Application for Transfer, for giving differential treatment to Puerto Rico, it is inconceivable that the Commission could have sua sponte decided to allow GTE/Bell Atlantic to establish discriminatory conditions to the detriment of the Puerto Rican ratepayers.

VII. VERIZON'S POSITION SUFFERS FROM INTERNAL INCONSISTENCIES

Even though the Puerto Rico Licenses were never explicitly addressed in the Application for Transfer, Verizon's arguments rest on the assumption that these transfers under sections 214(a) and 310(d) were properly evaluated by the Commission along with all other transfers. At the same time, Verizon argues that because Puerto Rico was not explicitly listed in the GTE/Bell Atlantic Merger Conditions, the conditions somehow are not applicable to Puerto Rico.

Verizon can't have it both ways. Either the transfer was never considered separately and can't be subject to differential treatment, as WorldNet contends, or else the Commission failed entirely

to address the public interest, convenience, and necessity requirements associated with the Puerto Rico Transfers.

Interestingly, given its control over incumbent local telephone operations in Puerto Rico, Verizon fails to address the relevance of Note 4 to the Merger Conditions which relates to the term “GTE States”:

“GTE States and Service Area include only those states and service areas where Bell Atlantic/GTE will have incumbent local telephone operations after the Merger Closing Date and after execution of planned sales of local exchange properties.”

This portion of Note 4 referring to GTE States was removed from the GTE/Bell Atlantic April 28th, 2000 filing of the proposed Merger Conditions, but was later added and included as part of the final Merger Conditions. Its inclusion, viewed in conjunction with the Commission’s rationale for approving the GTE/Bell Atlantic transfers, can only reflect a clear intent to extend the applicability of the Merger Conditions to Puerto Rico.

VIII. THE APPLICATION OF THE MERGER CONDITIONS TO PUERTO RICO CLEARLY SERVES THE PUBLIC INTEREST GIVEN PRTC’S UNFLATTERING HISTORY

WorldNet has already submitted extensive evidence of PRTC’s anti-competitive practices and their impact. PRTC’s comments regarding competition in Puerto Rico are but a weak response presenting an incomplete picture of the island’s competitive environment.

Contrary to their intended effect, PRTC’s comments present a strong argument for why the Verizon Merger Conditions are in fact needed in Puerto Rico. Specifically, the Commission should note that while PRTC attempts to paint a picture of a Puerto Rican telecommunications landscape thriving with competition, it specifically fails to address collocation, the provisioning of unbundled network elements, and the general state of advance services in Puerto Rico. The omission was not

inadvertent. PRTC simply could not provide any evidence that the competition and new services envisioned by the Telecommunications Act of 1996 are a reality in Puerto Rico.

Similarly, the fact that PRTC inaccurately claims that, “WorldNet has not requested in negotiation any of the conditions which it now requests the Commission apply...” and that, “WorldNet has never before raised issues regarding... competition in Puerto Rico of the kind presented in its request,” points to the necessity of swift action by the Commission. A cursory review of WorldNet’s files from the past two years turned up: fourteen written complaints and requests for consistent standards (Exhibit 1), and six more where the word “Parity” is actually used (Exhibit 2) (Verizon Merger Condition 6, “Uniform and Enhanced OSS”; one unanswered letter to the Wholesale Group requesting the 32% residential discount (Exhibit 3) (Verizon Merger Condition 12, “Carrier to Carrier Promotions;”) and one official letter to Jon Slater, President PRTC requesting the application of all the merger conditions, (Exhibit 4). If all of WorldNet’s attempts to negotiate issues included in the Verizon Merger Conditions have not even received acknowledgment from PRTC in its response to WorldNet’s Ex Parte letter then there is truly no opening in effecting any of the changes above through negotiation. PRTC management has shown it does not listen to requests for compliance with the laws, which must then be actively invoked in order to seek enforcement.

In fact, PRTC’s comments are so filled with inaccuracies they put in doubt the validity of PRTC’s entire position. For example, PRTC states that, “On February 22, 1998, PRTC and WorldNet entered into an interconnection agreement...” This assertion is incorrect. PRTC delayed the contract for an additional year and signed it on February 22, 1999 (Exhibit 5). PRTC is also incorrect when it states, “WorldNet did not contribute to the joint PRTC/industry effort in 1997 to

draft CLEC and Resale manuals...” Robert Walker, Telecommunications Consultant, the person charged by the arbitrator in the KMC-PRTC interconnect negotiations in 1997 to complete PRTC’s manuals, states in an affidavit that David L. Bogaty from WorldNet did not only participate in the meetings, but was an “active and vocal participant.” (Exhibit 6) Finally, PRTC claims that WorldNet is not currently “a participant in the Board’s proceeding regarding intransland switched access charges”, but fails to mention that WorldNet is a switchless reseller and therefore is not directly affected by the case involving access fees.

The reality is that PRTC’s conclusion that increased regulation and the merger conditions are not necessary in Puerto Rico is built on a foundation of unsubstantiated and incorrect statements and accusations. PRTC’s position is meritless and explicitly asserting the applicability of the Verizon Merger Conditions to Puerto Rico is not only in the public interest, but the logical and necessary next step to open the market that has been unjustly and monopolistically controlled by PRTC for the past five years.


IX. CONCLUSION

Again, WorldNet’s position is simple. Given that there was no independent Commission evaluation of the Puerto Rico Transfers, and that these transfers were evaluated along with all other transfers within the same context of public interest, necessity, and convenience, there is no sound basis to support Verizon’s and PRTC’s interpretation that the Commission intended to allow for the differential treatment of Puerto Rico. For the foregoing reasons, WorldNet respectfully requests that the Commission explicitly extend the applicability of the conditions imposed by the Merger Order on Verizon to PRTC and Puerto Rico. Beyond the obvious immediate benefits to competition, the ultimate benefits will only befall Puerto Rico’s ratepayers.

RESPECTFULLY SUBMITTED

In San Juan, Puerto Rico, on May 9, 2001.

Mr. David Bogaty
President
WorldNet Telecommunications, Inc.
F.D. Roosevelt Avenue
Plaza Caparra Suite 204
San Juan, Puerto Rico 00922
Tel.: (787) 277-0210
Fax: (787) 277-0788



Edwin Quiñones
Bar No. 5770
Francisco A. Rullán
Bar No. 13202
Axtmayer Benítez & Quiñones, P.S.C.
P.O. Box 70174
San Juan, Puerto Rico 00936-8174
Tel. (787) 620-6020
Fax (787) 620-6050
Attorneys for:
WorldNet Telecommunications, Inc.

CERTIFICATE OF SERVICE

I, Jessica Hernández, do hereby certify, that on this day of May 9, 2001, I have caused to be delivered a true and correct copy of *Reply Comments of WorldNet Telecommunications, Inc.*, to the following parties:

Magalie Román Salas*
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-B204
Washington, D.C. 20554

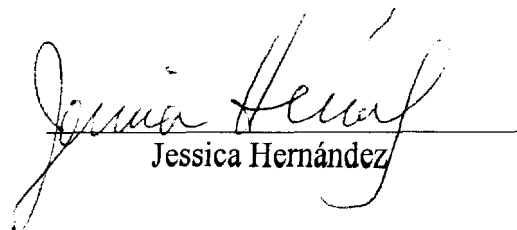
Janice M. Myles*
Common Carrier Bureau FCC
Federal Communications Commission
Room 5-C327
445 12th Street, S.W.
Washington, D.C. 20554

International Transcription Services, Inc. (ITS)*
445 12th Street, S.W.
Room CY-B402
Washington, D.C. 20554

Michael E. Gover**
Edwin Shakin
Joseph DiBella
Leslie A. Vial
Attorney for Verizon
1320 North Courthouse Road
8th Floor
Arlington, Virginia 22201

Joaquín A. Márquez**
Joe D. Edge
Drinker Biddle & Reath LLP
Attorneys for PRTC
1500 K Street, N.W.
Suite 1100
Washington, DC 20005

Mark L. Evans**
Evan T. Leo
Kellogg, Huber, Hansen, Todd &
Evans, P.L.L.C.
Sumner Square
1615 M. Street, N.W.
Suite 400
Washington, DC 20036


Jessica Hernández

* by Federal Express

** by Regular Mail

**WORLDNET REPLY COMMENTS
EXHIBIT 1**

World
Telecommunication.
Telecommunications Special

June 30, 1999

Ing. Carlos O. Rodriguez
PRTC Group Director
Network Sales and Administration
PO Box 360998
San Juan, PR 00936-0998

Dear Carlos:

The following are the issues raised in the meeting of Wednesday, July 1, 1999. ... are pending response from PRTC

1. PIC'ing

- a) If we are the LEC and a separate long distance carrier wants to submit their lines to be PIC'd, do they send them to us or to PRTC? I feel strongly for the sake of organization and for the fact that we are the only entity that should be able to request any change on our customer, that orders from other carriers to change the PIC should be rejected back to the carrier. They should only be received from us as the LEC.

You were going to check if the TCSI system had a code already to reject for it.

- b) A request to program the PIC in to our graphic user interface was going to be submitted this week and we need to know a time frame for when we can have this implemented. From our discussion I am aware that the ISO Group is working intensely on the Y2K issues so it may take some extra time. If it takes two to three months that is OK we just need to know when we can expect it so we can plan for it internally. Also, this PIC information is vital for the efficiency of both our groups. Without it we will be doing an enormous amount of unnecessary work manually.

- c) How will PRTC inform us when a customer leaves our service.

2) Billing

- a) What is the estimated time frame for PRTC to be able to pro-rate the billing transition, so we do not have to wait a full billing cycle to assume the account.
- b) We need an amendment or formal update to our contract regarding the billing and collections. Based on the schedule you sent to us (Thank you by the way) we have to go as far back as cycle 19 or 22 to be able to bill out in the beginning of the month. I am reluctant to go back to cycle 19, but cycle 22 is as late as the 5th. I would like to try to make cycle 22 work for us, but we may need to change if it is too late.

3) Calling Cards and Voice Mail

- a) Will customer lose their calling cards and voice mail?
- b) Can we sell voice mail. With the limited penetration PRTC has it can only help revenue.

credit - de } 783
} 4040
273-9949
981-9060 - cut -
P.R.T.
memo por fax
la misma empresa
981-5569 - no baja
Hablo con Juan -
981-

Strategy:
1- Don't fight it.
Let us sell the product.
2-

4) Intra Island Discount

- ①
- a) There is no restriction on the OCP for \$0.11 so all our customers qualify. Can we just inform Sonia to put each business customer on this plan? (See enclosed PRTC Tariff)
- ①
- b) Because PRTC's billing system does not apply the discount on the \$0.11, do we calculate it manually for the time being?
- ②
- c) When will the billing be corrected to apply the discount?
- ①
- d) What is the status of PRTC offering a new, lower Intra-island discount rate. It should be just above access fees. That way PRTC benefits financially when we take customers from other carriers and allows us to target competitors' accounts with competitive rates.
- ①
- e) The current volume discount program in PRTC's tariff allows clients to group BTN's with the same name. Therefore, under the tariff alone WorldNet would be eligible to group its BTN's from all its end users under WorldNet. (See PRTC Tariff, Page number G-1-8, Second Revision enclosed). Also, as per your request I am forwarding the FCC ruling covering aggregation which also supports aggregation. Paragraph 953 of FCC CC Docket No. 96-98 states that,

"With respect to volume discount offerings...we conclude that it is presumptively unreasonable for incumbent LEC's to require individual reseller end users to comply with incumbent LEC high-volume discount minimum usage requirements, so long as the reseller, in aggregate, under the relevant tariff, meets the minimal level of demand."

This allows us to aggregate the volume discount we are requesting as long as in aggregate WorldNet bills \$500. (The minimum for the 10% intra-island discount.)

I need your response on how this will work so we can begin setting up our pricing structure.

5) Directory Assistance

- a) We are waiting for an update to our contract, or a formal letter specifying the new directory assistance charges and the three free calls.

6) Transition of Customers to WorldNet

- a) We are waiting for PRTC to tell us the time it takes to transition an account from the status of "15" to actually being on our account ready to accumulate usage.
- b) We are waiting for PRTC to tell us how we will know when a transition is complete.

7) PIC Freeze.

- a) Since there is no PIC freeze, how can WorldNet hold the transition of a customer to another local carrier if they have not paid their bill to WorldNet. There is just to create a level playing field with PRTC.

8) New Role for WorldNet

- Request
outcome of
meeting*
- a) Carlos was going to bring up with the VP of the group, offering WorldNet more competitive pricing, and free product training and other ways PRTC can better use the skills of WorldNet. What was the outcome of that meeting.

Sincerely,

David L. Bogaty
President

MINUTES MEETING MARCH 29TH 2000

ATTENDEES:

Juan Velazquez Carlos Rodriguez
Graciela Nieves
Lillian Rodriguez
Walter
Carmen Diaz
Eva
Alicia Caballero
David Bogaty
Gloria Mulett

Topics discussed:

Walter was leading the discussions and suggested we could use David's letter to Mr. Juan Velazquez date Feb 24 outlining issues discussed in Feb 17th meeting as an agenda. We all agreed (They apparently had no agenda anyway...) We went through the items numbered in the letter as follows:

12. **PRTC Optima Plan requested and approved by Carlos Rodriguez**

- Carlos Rodriguez informed us that programming people are working with this and we will not have anything until April 30th. Discount will be applied as of May 1st, 2000.
- David explained that CCDS is now separating the intra-island data. He went on to request that we be allowed to apply the discount manually in the interim until PRTC system is programmed. David will have a dispute on billing cycle.
- Carlos did not object as a matter of fact he sort of agreed, but said he would get back to us on this, by the end of the week. He needs to consult with the legal dept for approval to allow WN apply the discount manually for now. PRTC would apply it as an adjustment.

** Separate comment: Carlos Rodriguez said he would like to be invited to be present at the meeting between AT&T and WorldNet whenever it is scheduled

13. **TRAINING**

- \$200.00 per person per day and could probably run 5 days } Carlos will confirm this 6
persons minimum } information of cost & days
- Must be set up for a Saturday
- PRTC will set up a program and send it to us before the training.

2. **ELECTRONIC TRANSFER** – Pending results as per meeting held with Angel Cordero on February 28th

1. **DIRECTORY CHARGES** – Issue was still unresolved.

- Lilliam Rodriguez, brought up the issue that now all the customers with questions are calling her and she has to give them the name of contact at Cuenta Final.
- I explained that that is so because she never sent us the contact names we were to give our customers when they had questions regarding the directory charges.
- Lilliam gave us the names: Mrs. Vivian Negrón, Supervisor Cuenta Final
Ms. Luz G. Nazario, Manager, Cuenta Final
- Carlos Rodriguez informed us that this issue should already be solved. I handed him a new case Leonardo's where not only has the customer been paying as per our instructions without an invoice, but now the customer received a letter threatening to be sent to legal division
- WorldNet has no jurisdiction to call or act on behalf of the customer in accounts that are billed by PRTC under newly created billing numbers 67x-xxxx.
- Graciela Nieves will be in charge of all matters related to this issue.

7. **OSTA SCREEN**

- We now have the ability to use this screen. Actually we always did, PRTC did not train us on how to use it or even open it.
- PRTC has another password available for us to pick up

10. **PROGRAMMING FOR ACCESS TO PIC IN RFI** – David asked how long before we can have the programming to access PIC in the GUI

- Graciela will call us to give us a time frame

11. **PROGRAMMING FOR ACCESS IN RFI ON AN ONGOING BASIS**

- Carmen Diaz says that this is not necessary, because we have the ability to see any order change the customer has in our billing data base
- What ever information we need, from the beginning we should take from RFI when in status 25
- David explains that if we had the ability to see all the information on an ongoing basis we would not have the need to call PRTC so many times.
- Carmen Diaz says that that is what her group is there for. We may call as many times as necessary.
- David says he wants to get back to this issue later after he has had time to think about it a little more

8. **PON's DELAYED IN STATUS 21 OR 25 SHOULD MISS NO MORE THAN 2 BILLING CYCLES**

- Change from status 13 to 25 as per Carmen Diaz should not take more that 2 billing cycles. The reasons why these lines are delayed are due to three different programs that require change: CIDs, CAT's, GUID
- The older accounts that are 21 & 25 should have already been solved for our next meeting. Eva is working on a full time basis to solve all the pending accounts waiting to PLOC.

9. **PLOC'ING**

- Pon with 1 – 10 lines 48 hours (clean accounts)
- PON with 50 – 100 lines 15 days (clean accounts)

WorldNet - PRTC Meeting
April 26, 2000

To: Paul Zielinski (Meeting Facilitator), and all in attendance.
From: David L. Bogaty
Re: Agenda Topics
Date: April 24, 2000

The following is a list of topics that need to be discussed

1) **PLOC'ing.**

- a) All 24's should be moved to status 15 as per our agreement last meeting at the end of March. This does not appear to have happened. Pending orders were going to be canceled and reordered automatically by PRTC. By April 17, this had not be completed.
- b) All pending accounts not PLOC'd from 1999 were to be moved to status 15. Our records indicate this has not been completed.
- c) Carmen Diaz was to prepare a study how many PLOC'ing delays are extending beyond 2 billing cycles. My study shows over 9%.
- d) PLOC'ing time frames. What are they? Are they being met?
- e) The time frames are for "Clean Accounts". We need to define "Clean Account."
- f) When a PON is delayed, the reason should be sent to WorldNet without a WorldNet rep. having to ask, and should be ANI specific, not BTN specific. Currently it is BTN specific and we have to call find out the reason.

2) **PICC CONFIRMATION**

Though I have sent three requests, we have received no correspondence confirming that PICC will not be charged to WorldNet.

3) **INTRA-ISLAND PRICING**

We are also still waiting for a response to our request for confirmation of intra-island pricing, and to our conclusion that it applies to Intra-Island OR Inter-island, not Intra-Island AND Inter-island.